



INDUSTRY OVERVIEW

WASTE COLLECTION SERVICES

Q1 2022

EXTERNAL INDUSTRY DRIVERS

INDUSTRIAL PRODUCTION INDEX

- ❑ The manufacturing, mining, electric and gas industries generate a substantial share of national waste. Much of this waste is hazardous, which is costlier to collect and dispose of than nonhazardous waste.
- ❑ As industrial production increases, more waste is produced, increasing demand for industry services. The industrial production index is expected to increase in 2022.

NUMBER OF BUSINESSES

- ❑ The majority of industry revenue comes from waste collection from businesses, farms, and construction sites.
- ❑ The Covid-19 pandemic has led to a decline in revenue as the number of American businesses shrank, posing a threat to the industry.

VALUE OF CONSTRUCTION

- ❑ The construction sector produces waste in the form of wood, concrete, rubble, and other bulky waste.
- ❑ Construction activity is expected to increase in 2022, leading to more waste produced. This in turn poses as a potential opportunity for the industry.

NUMBER OF HOUSEHOLDS

- ❑ Roughly a third of industry revenue comes from residential collection services, making households one of the most important segments for industry operators.
- ❑ The number of households is projected to increase in 2022, posing a potential opportunity for the industry.

INDUSTRY AT A GLANCE

Key Statistics



\$57.5bn Revenue

- Annual Growth 2017 – 2022 1.0%
- Annual Growth 2022 – 2027 1.0%



\$4.9bn Profit

- Annual Growth 2017 – 2022 1.4%



8.5% Profit Margin

- Annual Growth 2017 – 2022 0.2%



7,863 Businesses

- Annual Growth 2017 – 2022 0.5%
- Annual Growth 2022 – 2027 0.9%



230k Employment

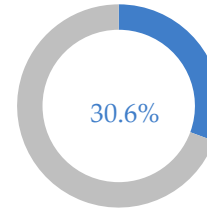
- Annual Growth 2017 – 2022 2.2%
- Annual Growth 2022 – 2027 1.2%



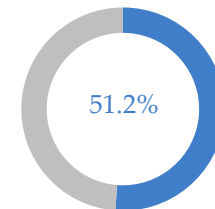
\$13.9bn Wages

- Annual Growth 2017 – 2022 1.7%
- Annual Growth 2022 – 2027 1.1%

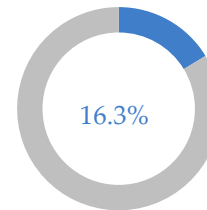
Segments



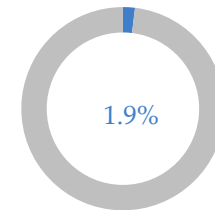
Residential waste collection



Nonresidential waste collection



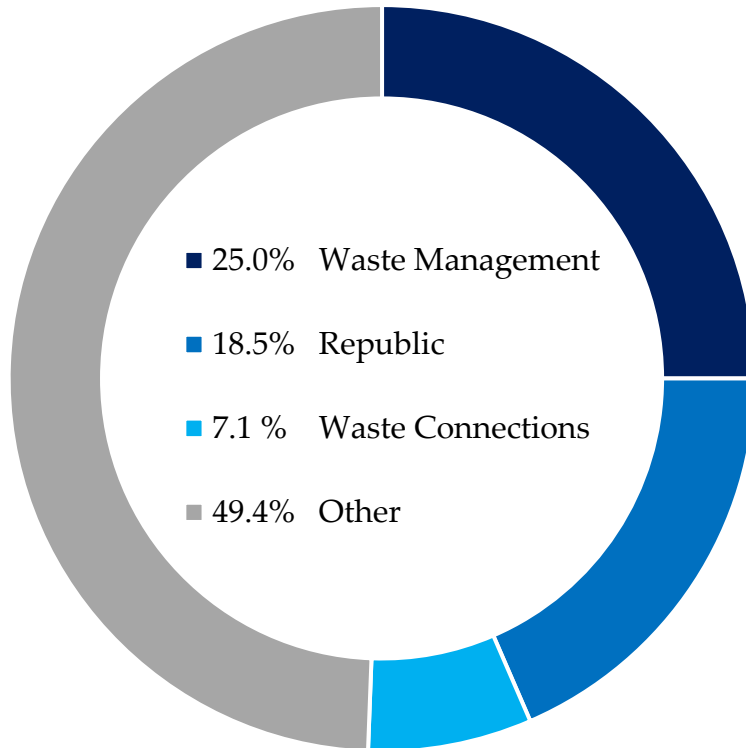
Transfer and storage facility



Hazardous waste collection

INDUSTRY AT A GLANCE

Major Players



SWOT Analysis

S STRENGTHS

- Low Imports
- High Profit vs. Sector Average
- Low Customer Class Concentration
- High Revenue per Employee

W WEAKNESSES

- Low & Steady Level of Assistance
- High Competition
- High Capital Requirements
- High Product/Service Concentration

O OPPORTUNITIES

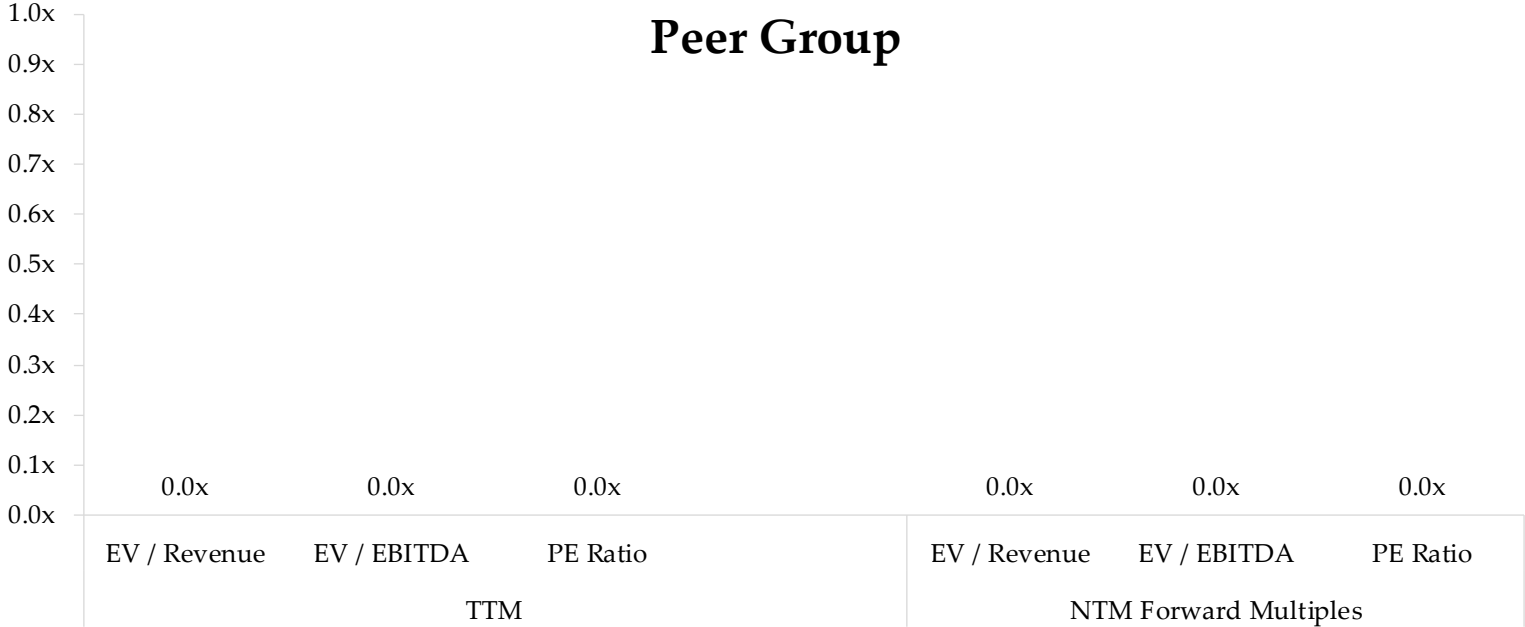
- High Performance Drivers
- Number of Households

T THREATS

- Low Revenue Growth (2005-2022)
- Low Revenue Growth (2017-2022)
- Low Outlier Growth

PUBLIC COMPARABLES

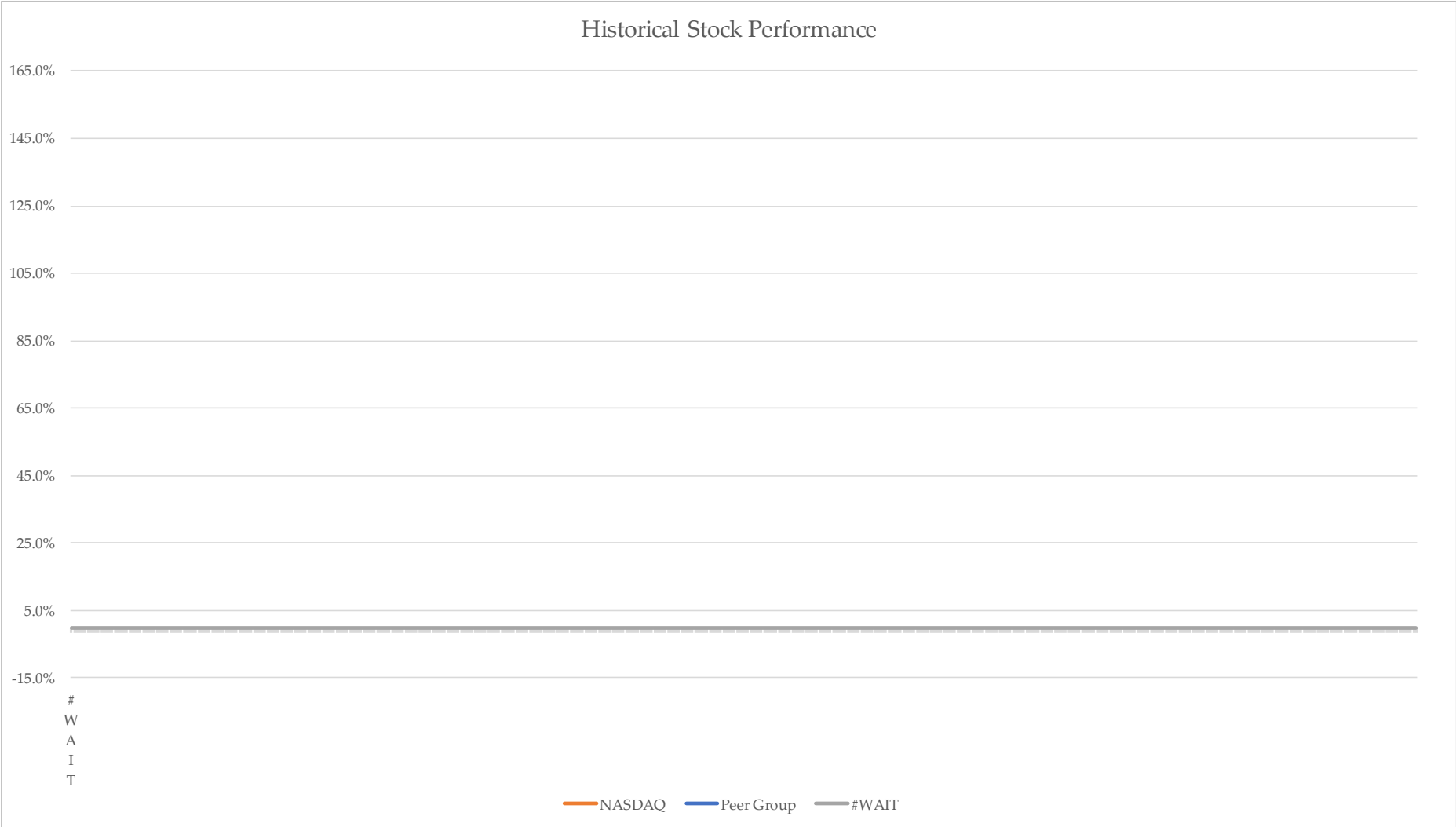
Peer Group



PUBLIC COMPARABLES

\$ in Millions	Waste Management	Republic Services	Waste Connections	Casella Waste Systems	Stericycle	
Ticker	WM	RSG	WCN	CWST	SRCL	
Total Revenue	\$16,516	\$10,555	\$5,718	\$808	\$2,633	
Gross Profit	6,434	4,287	2,315	279	1,067	
EBIT	2,453	1,668	938	67	150	
Net Income	\$1,600	\$1,122	\$626	\$94	\$23	
EBITDA (Normalized)	4,658	3,207	1,669	185	526	
Total Debt	13,244	9,211	4,947	608	2,082	
EV	82,750	53,716	40,211	4,962	7,462	
Employees	48,250	35,000	18,933	2,500	7,000	
Ratio Analysis						Median
Revenue/Employee	\$342,301	\$301,557	\$301,995	\$323,325	\$376,143	\$323,325
EV/Revenue	4.78x	4.92x	6.79x	5.85x	2.82x	4.92x
Debt/EBITDA	2.98x	3.25x	2.85x	3.60x	6.04x	3.25x
EV/EBITDA (Normalized)	16.15x	14.35x	21.00x	20.83x	17.00x	17.00x
Market Cap/EBITDA	14.24x	14.80x	25.93x	20.03x	18.95x	18.95x
Market Cap (mm)	69,817	44,219	35,502	4,390	5,479	
Close Price	162.74	135.41	134.06	83.65	59.60	
52 Week Low	109.11	88.62	97.02	53.43	55.76	
52 Week High	168.04	145.98	138.82	89.84	79.97	
Gross Margin	39.0%	40.6%	40.5%	34.5%	40.5%	40.5%
EBIT	14.9%	15.8%	16.4%	8.3%	5.7%	14.9%
EBITDA	25.9%	26.4%	30.0%	21.0%	14.2%	25.9%
Acct. Receivable Days	45	38	40	33	54	40
Inventory Days	4	4	NM	5	NM	4
Acct. Payable Days	40	61	36	39	43	40
Revenue Growth	9.4%	3.2%	5.2%	5.8%	-12.7%	5.2%

DCA WASTE COLLECTION INDEX VS. S&P 500 AND NASDAQ



DCA Waste Collection Index: WM, WCN, CWST, SRCL, CLH, RSG

RECENT PRIVATE TRANSACTIONS

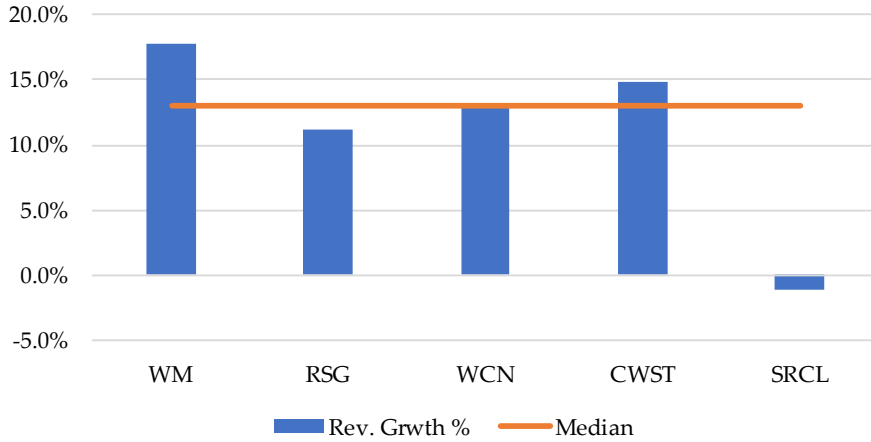
Deal Date	Target	Acquirer	Deal Synopsis
04-Jan-2022	Ambercycle	BESTSELLER's Invest FWD, H&M CO:LAB, KIRKBI, Temasek Holdings, Zalando	The company raised \$21.6 million of Series A venture funding from H&M CO:LAB, Zalando and BESTSELLER's Invest FWD on January 4, 2022. Temasek Holdings and KIRKBI also participated in the round. The funds will be used to develop infrastructure and materials for circularity within the fashion industry.
03-Jan-2022	Roadrunner Recycling		The company raised \$64.87 million of venture funding from undisclosed investors on January 3, 2022.
30-Dec-2021	Sims Municipal Recycling	Closed Loop Partners	The company was acquired by Closed Loop Partners through a \$45.4 million LBO on December 30, 2021. The transaction values the company at \$89.97 million. The proceeds from the sale will be used to fund the recent acquisitions of Recyclers and Atlantic Recycling Group in Australia.
29-Dec-2021	Valley Proteins	Darling Ingredients (NYS: DAR)(Randall Stuewe)	The company reached a definitive agreement to be acquired by Darling Ingredients (NYS: DAR) for about \$1.1 billion on December 29, 2021. Darling Ingredients expects the acquisition to provide additional low-carbon feedstock to produce renewable diesel and potentially sustainable aviation fuel.
16-Dec-2021	Verdox		The company raised an estimated \$48.9 million of Series A1 venture funding from undisclosed investors on December 16, 2021, putting the company's pre-money valuation at \$150 million.
16-Dec-2021	Atlantic Recycling Group	Sims Metal Management (ASX: SGM)(Alistair Field)	The company reached a definitive agreement to be acquired by Sims Metal Management (ASX: SGM) for AUD 69 million on December 16, 2021. The acquisition will provide Sims Metal Management with entry into a complementary market and strengthen the already solid East Coast footprint in North America. The transaction is expected to close on January 1, 2022.

RECENT PUBLIC TRANSACTIONS

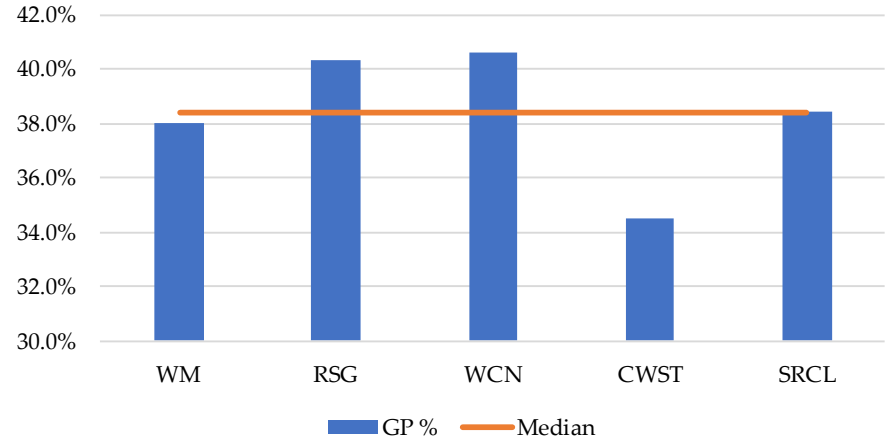
Deal Date	Target	Investors	Deal Synopsis
14-Dec-2021	Terminix Global Holdings (NYS: TMX)		The company reached a definitive agreement to be acquired by Rentokil Initial (LON: RTO) for \$6.7 billion on December 14, 2021. The acquisition will help Rentokil Initial to become the global leader in commercial, residential and termite pest control, and a leader in North America, the world's largest pest control market.
13-Dec-2021	Nuverra Environmental Solutions (ASE: NES)		The company reached a definitive agreement to be acquired by Select Energy Services (NYS: WTTR) for \$45 million on December 13, 2021. The acquisition will strengthen Select Energy's geographic footprint with a unique set of water logistics and infrastructure assets, particularly in the Bakken, Haynesville and Northeast, while continuing to expand its production related revenues.
12-Nov-2021	Wilmington Paper	New State Capital Partners	The company was acquired by New State Capital Partners through an LBO on November 12, 2021 for an undisclosed amount. The acquisition will help the company to invest in people, innovative technology and logistical equipment and solutions that will enhance its capabilities and maintain its competitive position.
01-Nov-2021	RAMCO Waste and Recycling	Lakeshore Recycling Systems, Macquarie Asset Management	The company was acquired by Lakeshore Recycling Systems, via its financial sponsor Macquarie Asset Management, through an LBO on November 1, 2021 for an undisclosed sum.
14-Oct-2021	Red River Waste Solutions		The company filed for Chapter 11 bankruptcy on October 14, 2021.

OPERATING METRICS

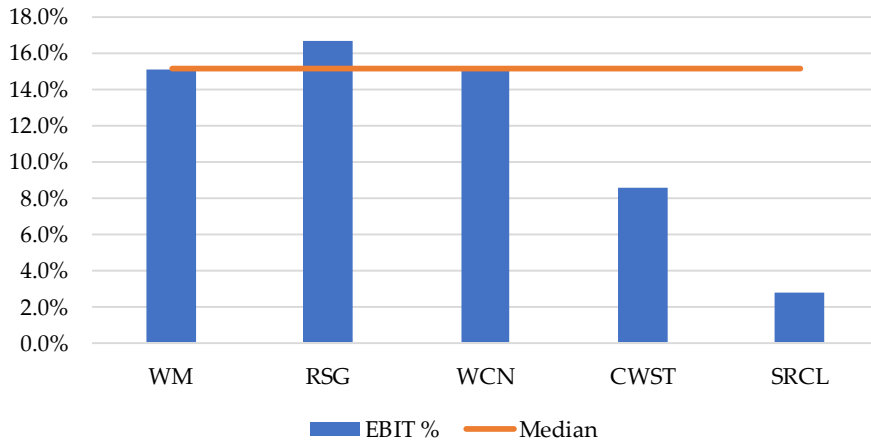
Revenue Growth



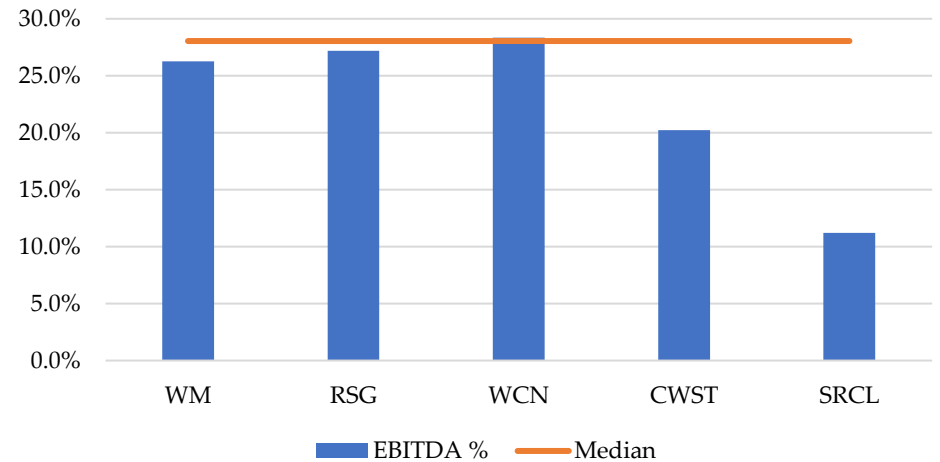
Gross Profit Margin



EBIT Margin

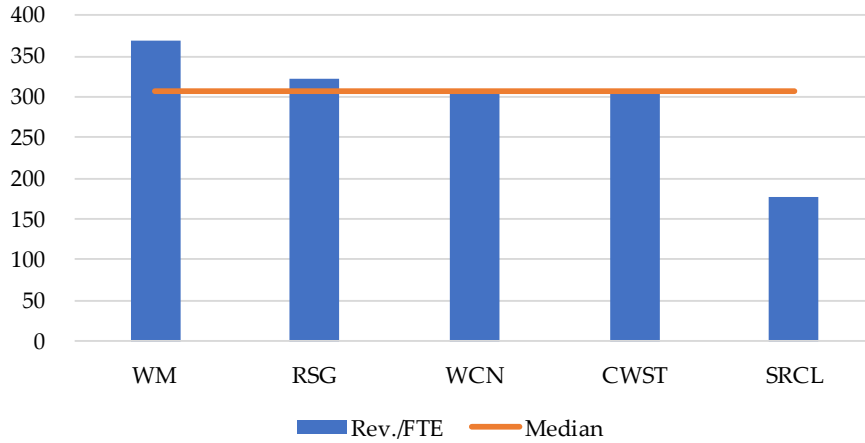


EBITDA Margin

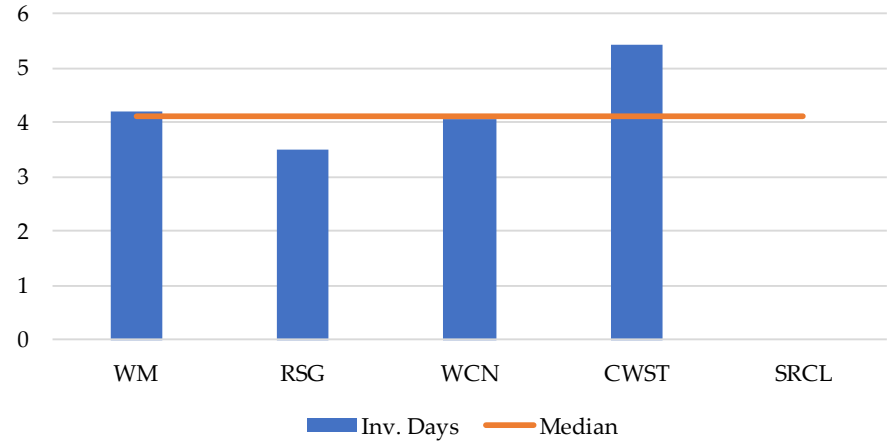


RATIO ANALYSIS

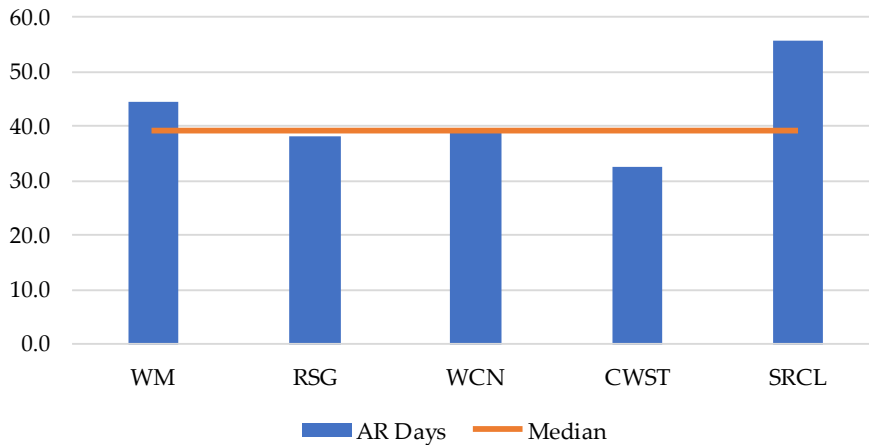
Revenue per Employee



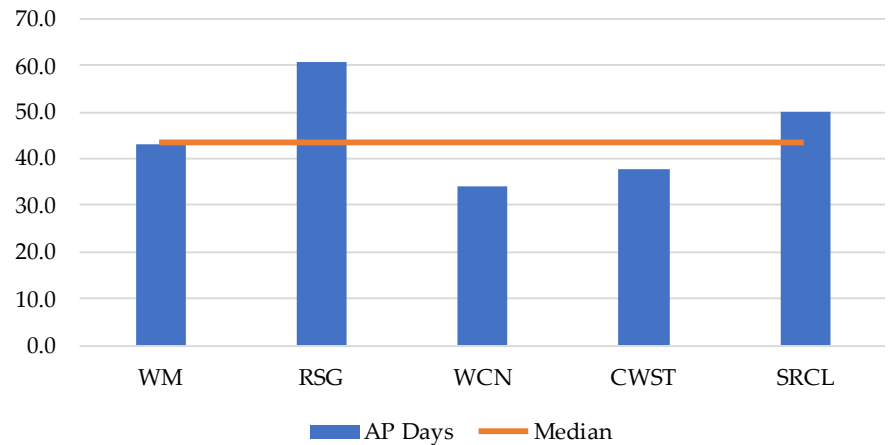
Inventory Days



AR Days



AP Days



VALUATION TRENDS

		Fundamentals								
		TIM					NTM Estimates			
Ticker	Company	Close Price	Market Cap	Enterprise Value	Total Revenue	EBITDA	Basic EPS	Total Revenue	EBITDA	Normalized EPS
WM	#WAIT	#WAIT					#WAIT			#WAIT
RSG	#WAIT	#WAIT					#WAIT			#WAIT
WCN	#WAIT	#WAIT					#WAIT			#WAIT
CWST	#WAIT	#WAIT					#WAIT			#WAIT
SRCL	#WAIT	#WAIT					#WAIT			#WAIT
CLH	#WAIT	#WAIT					#WAIT			#WAIT

		Multiples					
		TIM			NTM Forward Multiples		
Ticker	Company	EV / Revenue	EV / EBITDA	PE Ratio	EV / Revenue	EV / EBITDA	PE Ratio
WM	#WAIT	#WAIT	#WAIT	#WAIT			
RSG	#WAIT	#WAIT	#WAIT	#WAIT			
WCN	#WAIT	#WAIT	#WAIT	#WAIT			
CWST	#WAIT	#WAIT	#WAIT	#WAIT			
SRCL	#WAIT	#WAIT	#WAIT	#WAIT			
CLH	#WAIT	#WAIT	#WAIT	#WAIT			

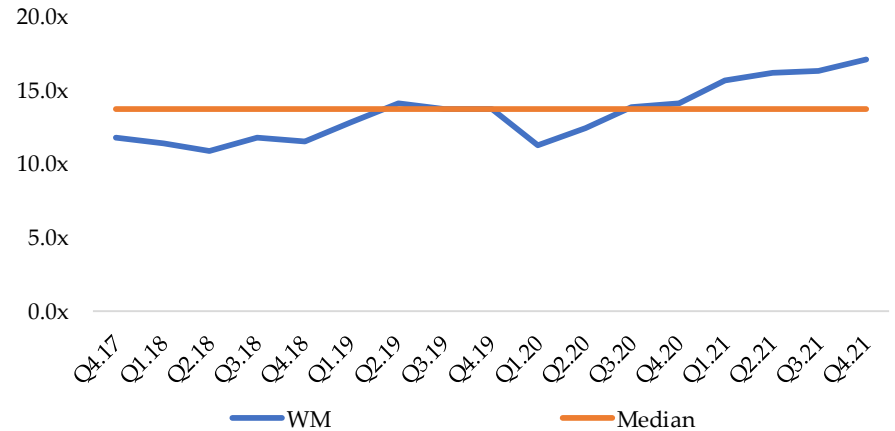
PUBLIC COMP

Waste Management (NYSE: WM)

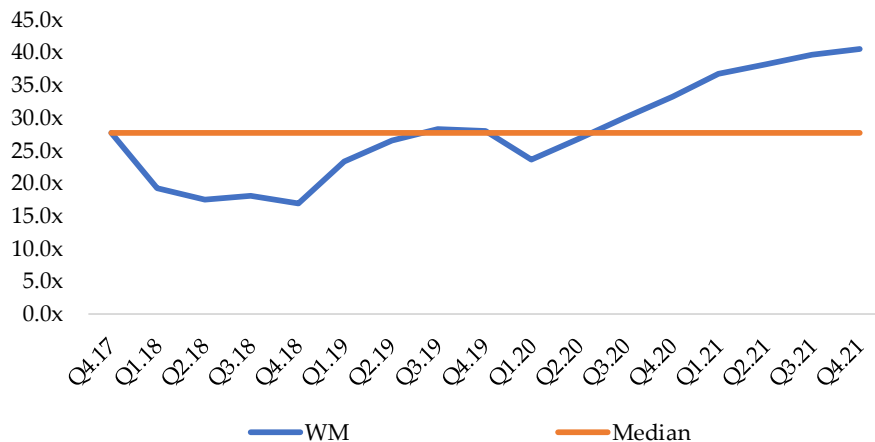
Waste Management is the largest waste-collection company in the United States with over 21% market share. The Houston-based company offers waste collection, disposal, incineration, and other services.



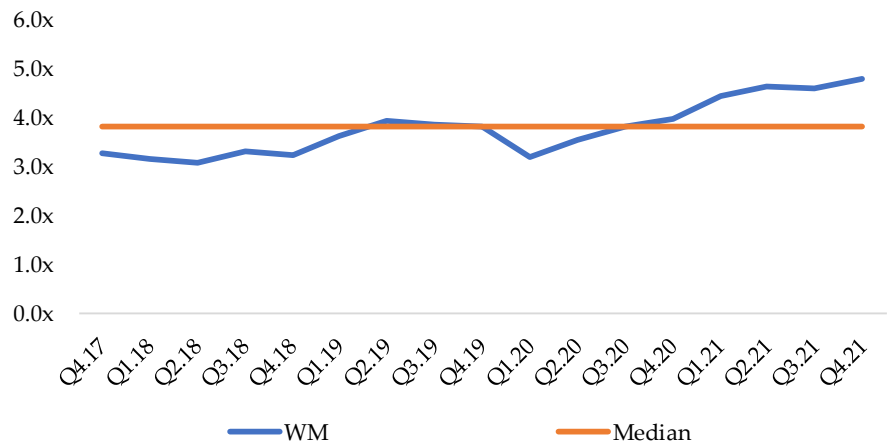
EV/EBITDA Waste Management



P/E Waste Management



EV/Revenue Waste Management

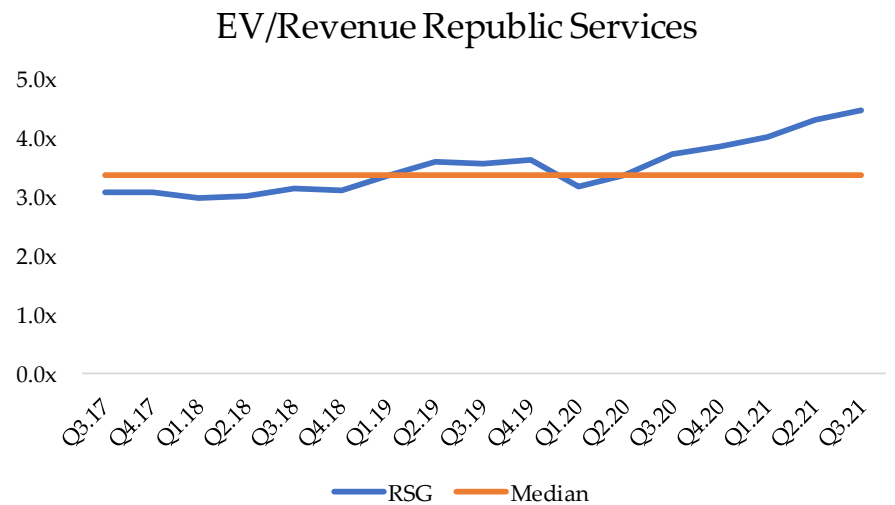
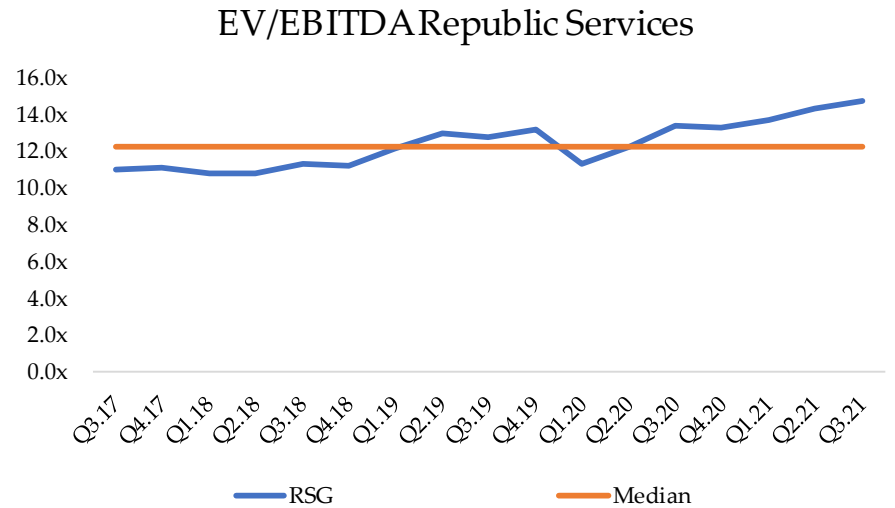
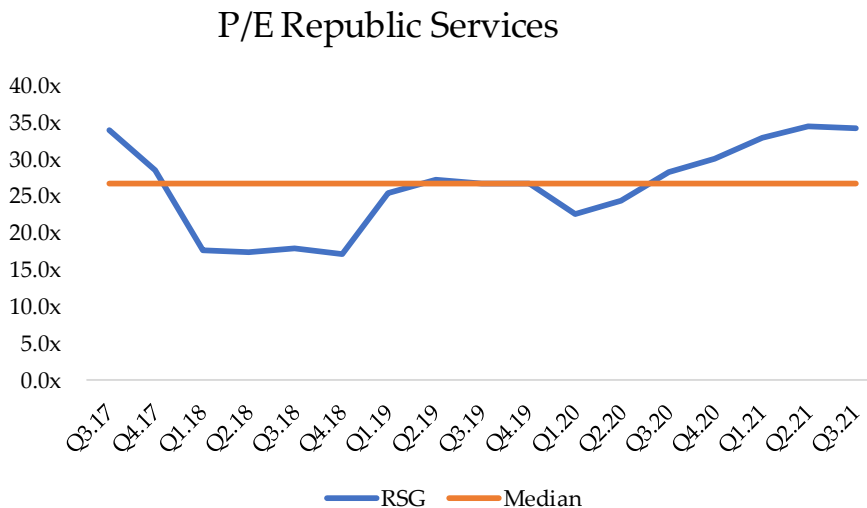


PUBLIC COMP

Republic Services (NYSE: RSG)

Republic Services is headquartered in Phoenix and is the second-largest waste management firm in the US with 16.9% market share. Company operations include 189 landfills, 79 recycling facilities, 212 transfer stations, and over 16,000 service trucks. The company operates in 41 states and Puerto Rico.

In February 2015, the company acquired Tervita's US-based operations, and acquired ReCommunity Holdings II (recycling and processing services) in October 2017. The company spent \$463.6M on acquisitions in 2019.



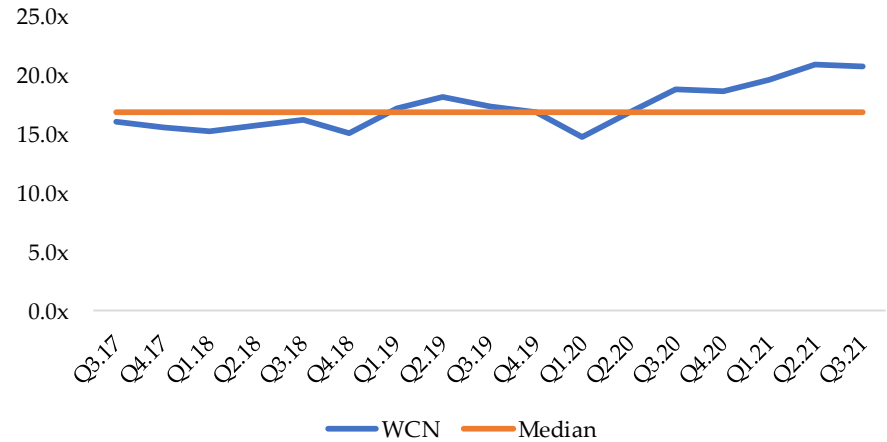
PUBLIC COMP

Waste Connections (NYSE: WCN)

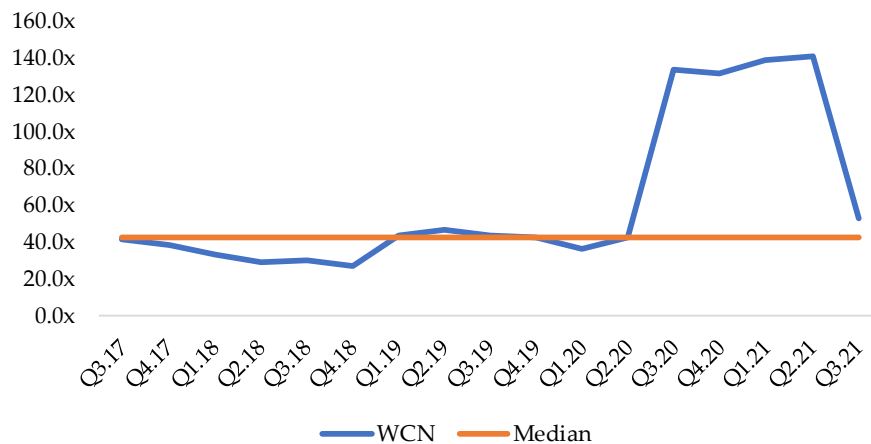
Waste Connections was founded in 1997 and holds 7.5% of the waste collection market share. Services include recycling, transfer, disposal, and solid waste collection in the US and Canada. Waste Connections employs over 18,000 individuals, operates 300 solid waste collection facilities, 87 landfills, and 66 recycling facilities.

The company's revenue has 20.6% from 2015-2020 due to the acquisition of Progressive Waste Solutions in June 2016. Waste Connections acquired American Disposal Services in December 2018, adding an additional 400,000 customers in Colorado, Georgia, Maryland, and Virginia.

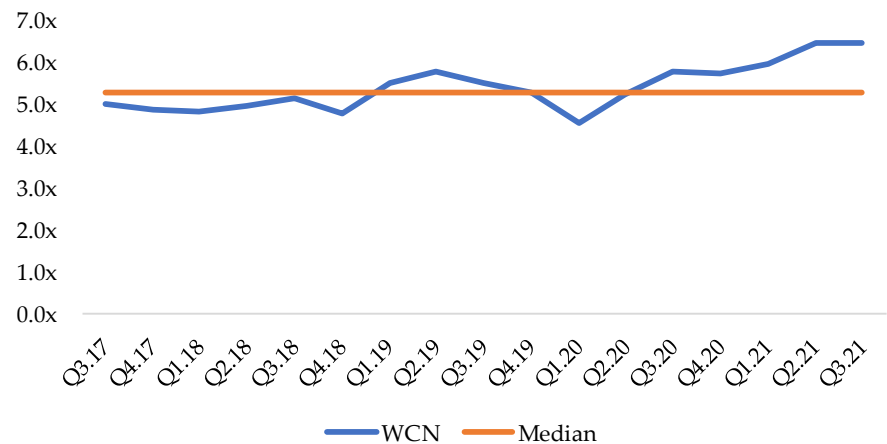
EV/EBITDA Waste Connections



P/E Waste Connections



EV/Revenue Waste Connections



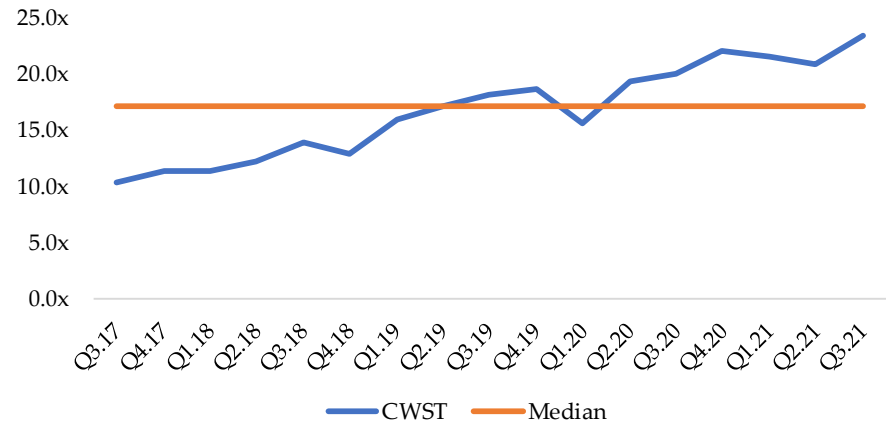
PUBLIC COMP

Casella Waste Systems (NAS: CWST)

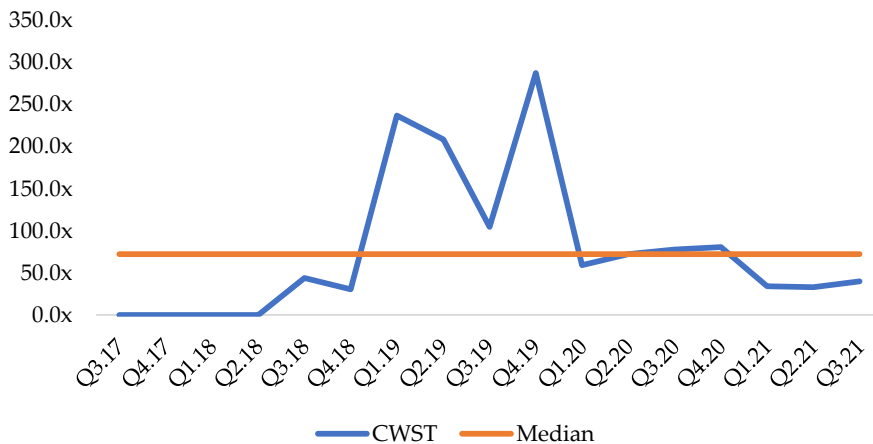
Casella provides solid waste removal for commercial, municipal, industrial, and residential consumers. A few of the company services include recycling, waste collection, and specialty waste services. The firm operates 43 solid waste collection operations, 58 transfer stations, and 20 recycling facilities.

The company has grown through acquisitions, spending \$82.2M on 9 acquisitions in 2019. In January 2019, Casella raised \$91.5M in a secondary public offering.

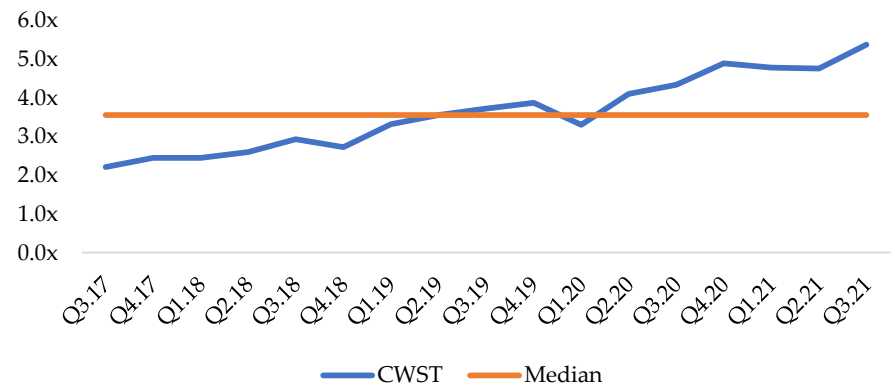
EV/EBITDA Casella Waste Systems



P/E Casella Waste Systems



EV/Revenue Casella Waste Systems



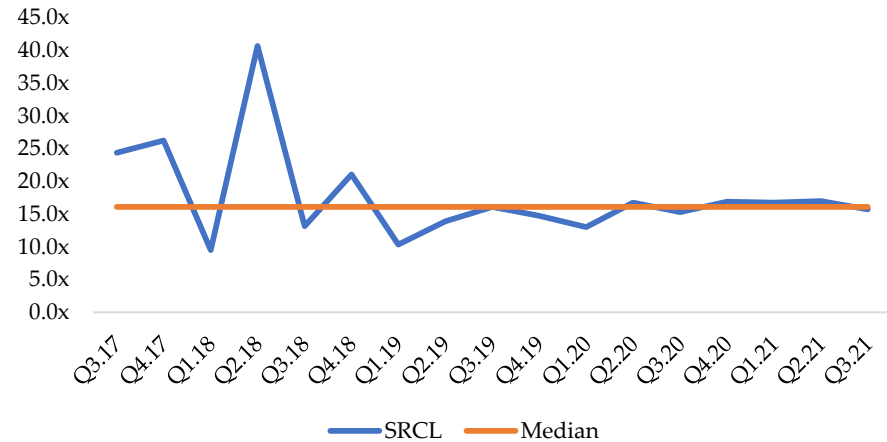
PUBLIC COMP

Stericycle (NAS: SRCL)

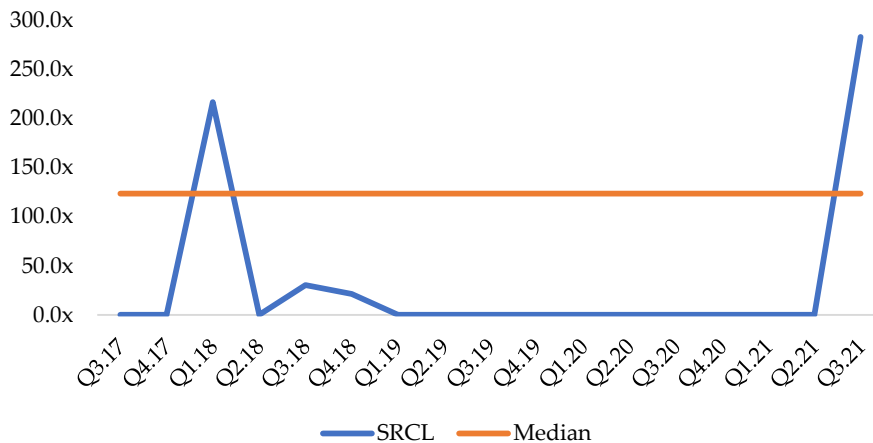
Stericycle headquarters is in Lake Forest, Illinois and is the largest medical waste-management company in the US. Working with hazardous waste is more profitable than working with standard waste; however, there are additional safety factors in operations. The firm focuses on waste in the healthcare industry and primarily hospitals and physician offices.

Stericycle has grown predominately through acquisition. In 2016, the company acquired 31 companies, and in 2018, the company acquired an additional 21 independent firms.

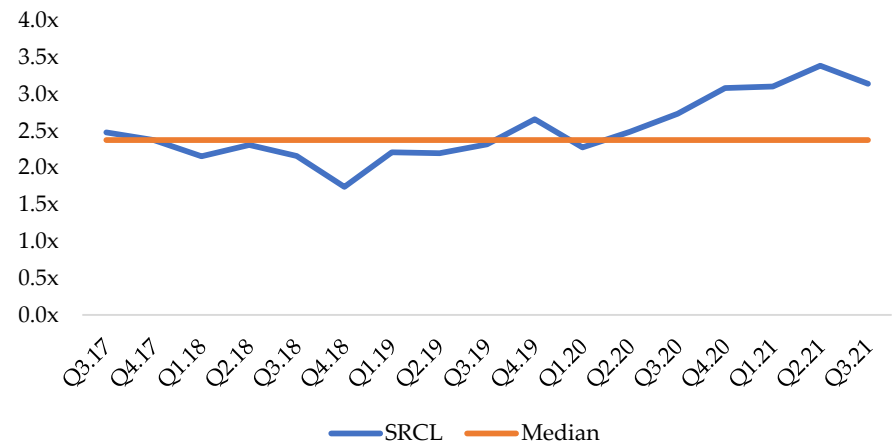
EV/EBITDA Stericycle



P/E Stericycle



EV/Revenue Stericycle



DAVIDSON CAPITAL ADVISORS PROFESSIONALS

Robert S. Cashion **Managing Director, Investment Banking and Advisory Services**

Prior to joining Davidson Capital Advisors, Mr. Cashion spent over 20 years in the financial services industry. He manages the firm's overall corporate finance and consulting practice where he oversees and executes the firm's investment banking, advisory and capital raising engagements.

Mr. Cashion worked with several financial institutions and consulting firms delivering investment banking, leveraged finance, consulting and restructuring services. He worked with Bank of America Merrill Lynch and its predecessor firms in the High Grade Capital Markets, Corporate Finance and the Special Situations group.

Mr. Cashion has been involved in industry sectors including general industrial, distribution, business services, retail, technology and healthcare. Mr. Cashion holds B.A. Education, B.S. Accounting, and an MBA from the University of North Carolina. He is a Certified Public Accountant and holds FINRA 7, 63 and 79 securities licenses.



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Elizabeth Folger **Managing Director, Institutional Client Coverage**

Prior to joining Davidson Capital Advisors, Ms. Folger spent 16 years in the financial services industry in a variety of functions, most recently with Bank of America Merrill Lynch and its predecessor firms. She manages the sales and auction processes for the firm's sell side M&A and capital raising engagements. Her deep experience in the sales and trading has resulted in excellent execution for our client's projects.

She worked in the Loan Syndication Sales Group, headquartered in Charlotte, with her primary responsibilities for sales and distribution of syndicated loans for middle market and large corporate credits. Also, Ms. Folger worked on the Corporate Bond Trading desk where she managed and traded risk positions of \$50-\$100 million of intermediate term bank and finance paper.

Ms. Folger has been involved in a variety of sectors including general industrial, distribution, business services, retail, technology and healthcare. She holds a Bachelor of Arts from Hollins University.



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Maxwell Purdy

Corporate Finance Coverage

Prior to joining Davidson Capital Advisors in 2021, Mr. Purdy interned with Graycliff Partners, a private equity located in New York, NY. He graduated from University of North Carolina Chapel Hill in 2021 with a BS in Political Science and a minor in Economics and Entrepreneurship.

Maxwell assists in leading the firm's corporate finance client coverage as well as private equity coverage.

Kyle Burnett, Jr.

Analyst, Investment Banking

Prior to joining Davidson Capital Advisors in 2021, Mr. Burnett interned with UBS Financial Services, Inc., a Swiss multinational investment bank. He graduated from Northwestern University in 2021 with a Bachelor of Arts in Economics and Political Science.